

NEC ACTION REPORT

National Economic Council, Inc., 7501 Empire State Bldg., New York 1, N. Y.

No. 5

SHIFT ON SPAIN SEEN GROWING

Since 1938 when NEC President Merwin K. Hart spent some weeks in Spain, both he and NEC have called attention to the value of friendly relations at the western end of the Mediterranean. Communist influence in State Dept., in U.N., and left-wing publications maintained a contrary policy.

Behind scenes in Washington it is an open secret that Defense Dept. has long felt friendly Spanish relations to be vitally important to the safety of the U. S. Defense seems to have been crowding State to revise its attitude.

Recently, as previously reported in ACTION REPORT, Major George Fielding Elliott, columnist for the "liberal" N. Y. Post predicted a revision of our official Spanish policy.

Jan. 30 issue of David Lawrence's *United States News* devoted a page captioned: "Friendlier Ties With Spain as Defense Move by West."

The strategic value of Spanish friendship cannot be overestimated. Other, non-military, considerations also are cogent. Spain has made an astonishing comeback after a civil war that took a million Spanish lives. Spain has never defaulted on a foreign loan; Spanish business-men are among best credit-risks in Europe; Spaniards are hard workers.

Leftist propaganda has long pictured Franco as an associate of Hitler. Fact is, when asked to join Hitler, when Hitler appeared to be winning, Franco flatly refused. This fact is shown in the recent State Dept. releases on the war, —showing not only that Franco refused to join Hitler, but showing the close relationship between Hitler and Stalin in which together they touched off World War II. Spanish help to the Allied cause has been testified by our own Ambassador to Madrid, Carylton J. H. Hayes, as well as by Winston Churchill in the House of Commons while still Prime Minister. Without that help, the North African landing might have been impossible.

Meanwhile, our government, under

leftist pressure, seems unable to make up its mind as to revising our policy. The *United States News* article, however, hints that "The United States government will not stand in the way if Western Europe wants Spanish co-operation." Since then France has reopened the Spanish border.

But why does State have to wait for Western European countries to fall in line first before admitting that friendly relations with Spain are in interest of U. S.? Are we never to have a foreign policy of our own?

What You Can Do

Write your two senators, your congressman and State Dept. how you feel. Let State feel American pressure, to counteract ceaseless leftist pressure.

YALE DROPS 'ECONOMICS' TEXT

The Elements of Economics, by Prof. Lorie Tarshis, thoroughly exposed in the August, 1947, *NEC Review of Books*, as leftist Keynesian propaganda, has been discontinued at Yale.

Although no public announcement has been made, NEC has learned through confidential and reliable sources that the book was dropped by vote of the instructors in the course in which it was used as "not suitable for good teaching." It has also been learned that the analysis by Rose Wilder Lane, who edits the *NEC Review of Books* was "most effective" in reaching the decision.

Other institutions also are reported as having either discontinued use of the book or of having discontinuance under consideration.

Ironically, the book was edited by Prof. Edgar S. Furness, of Yale, who said in his introduction: "This book contains the best that the expert economist has to offer regarding the economic problems of our times."

Mrs. Lane's estimate was different: "*The Elements of Economics* plays upon fear, shame, pity, greed, idealism, hope. This is not an economics text at all; it is a pagan-religious and political tract."

ERP EXPOSED BEFORE SENATE COMMITTEE

On Jan. 24, NEC President Merwin K. Hart appeared before Senate Foreign Relations Committee in opposition to certain important features of the proposed Economic Cooperation Bill, commonly known as the Marshall Plan.

Committee listened attentively while Hart declared:

"I want to see the United States extend to Europe and to all other parts of the world such aid as will be really beneficial to the peoples of those countries, and will at the same time not hazard the loss to the American people of their economic stability, their liberties, and perhaps their Republican form of government."

Main drive of the argument was not denial of necessity for a healthy European economy, but argument that the plan as proposed by the Administration would not cure Europe's troubles, while it would add to our own.

Of European countries to be helped, Hart asserted that: "These countries have let themselves get into the hands of Marxists of greater or less intensity, and the result is, as in England, that production has sagged as it always does under government-run enterprises. . . . Europe needs to learn most of all that only through the release of human energies such as is possible under a system of individualism and private enterprise, can maximum production be built up. Yet our whole policy has been . . . to encourage Socialism, if not Communism, in various countries in Europe."

He predicted further: "So long as these countries keep their socialist systems, just so long will they fail—and call on our private enterprise system to bail them out."

Hart also predicted that the plan, if adopted, would mean creation of a new bureaucracy on the already staggering public payroll, perhaps large enough to insure continuous reelection of the Administration which created it.

As a positive program, he advocated

encouragement of incentive and free enterprise in Europe, saying:

"I think we should adopt a plan that will discourage European Socialism. A State Dept. that has not hesitated to tell at least one European country, which has asked nothing of us, to get rid of the head of its government, can hardly contend that it would be indelicate for us to tell other European countries, which are asking us for \$17 billion that we do not think Socialism will get them anywhere.

"In view of the brazen effrontery of the proponents of collectivist schemes, have not we Americans, who have derived so much from the American enterprise system, the faith to advocate throughout the world our own effective way of doing things?"

What You Can Do

Write the President, your senators and congressman, telling them what you think of subsidizing European Socialism with your dollars.

STATE DEPT. DEFENDS GREEK 'LABOR DIVISION'

The Dept. of State, in reply to the NEC protest revealed in last ACTION REPORT, has admitted its establishment of a "Labor Division" at American Taxpayers' expense in rendering "Aid to Greece," and has defended its action.

Head of the division is Clinton Golden, leftist figure in the United Steelworkers Union, CIO, praised by party-line-following PM of New York as "able and progressive."

State Dept. defense contended that "success of our program of economic reconstruction in that country [Greece] would depend in part upon the effective handling of labor problems. . . ."

Commented NEC President:

"The Dept. of State seems amazingly to have tipped off Americans to something that we did not know. We were told that Greek Aid was designed to help Greece economically so that it would not 'go communist.' Now we are told, as if it were something everybody knows, that we are engaged in the 'economic reconstruction' of that country, and that a leftist CIO emissary will furnish the kind of leadership the Greeks need. What kind of 'program of economic reconstruction' are we paying for in Greece?"

"I repeat that it is no more in the

constitutional power of the government of the United States to establish collective bargaining in Greece than it would be to establish Christian churches, Jewish synagogues, Rotary clubs or associations of employers. Must we pay for a Greek CIO?"

COMMUNISTS WIN ON SCHOOL USE

In two separate legal decisions in New York, given within a week of each other, the right of the School Board of New York City to permit Communist and Communist Front use of school premises has been upheld:

On Jan. 21, State Supreme Court Justice Chas. W. Froessel refused to issue an order asked by Mr. William Stanton of New York City, barring such use of premises.

"Under the present laws of this state," ruled Froessel, "Communists may legally function as a political party or entity." Therefore he declared the matter one for the discretion of the Board of Education, and refused to interfere.

A week earlier another State Supreme Court Justice, L. Barron Hill, made substantially the same decision in another court. Refusing to enjoin the Board of Education at the request of Dr. James E. Maloney, from permitting a Communist Party meeting in Public School 167 on Jan. 15, Hill said: "The cancer in our body politic of which the petitioner complains cannot be cured

by the method proposed in this proceeding."

This put the issue back again squarely in the lap of the Board of Education, which, apparently, decided to sit tight and let the matter blow over. In reply to NECs protest, Andrew G. Clauson, Jr., President, wrote that "no further action is contemplated at this time." It was indicated, however, that the steadfast policy of the Board to permit Communists to meet at taxpayers' expense, would not be allowed by those protesting to go without further action.

Protested Book Defended

In the meantime the Board also rejected NECs further protest against another book, written by a long-time extreme left-winger, Mary Elting, called "We Are the Government." In commenting upon the U. S. Constitution this book says subtly: "Other countries, including Switzerland, Liberia and the Soviet Union, have been adapting its ideas ever since." The book is "suggested reading" for sixth grade pupils.

After NEC protested, a committee of three was instructed to re-read the book. The report said: "We have read the book 'We Are the Government' and find nothing objectionable in the book." According to Stephen F. Bayne, Deputy and Associate Superintendent, objections to the Board emphasized "the alleged communist associations of the author," but this consideration was not taken into account in re-appraising and re-approving the book.

Other Decisions

Meanwhile, the schools of Newark, N. J., barred one leftist and one out-right Communist periodical from the school libraries.

The Nation, edited by Freda Kirchwey, was banned because of a series of articles attacking the Roman Catholic Church in line with current Communist propaganda.

Soviet Russia Today, openly Communist, was charged by Dr. John V. Heron, Superintendent of Schools, as containing "direct attacks upon everything American, including former Secretary of State Byrnes, and General MacArthur, and praised the Molotov policies."

Late Bulletin!

NEC president Merwin K. Hart will speak to the nation on "The Marshall Plan" over the American Broadcasting Company network on Monday, Feb. 23, from 10:45 to 11:00 p.m., Eastern Standard Time. Plan to listen—and tell your friends.

Quotation of the Month

"In short, the Communists everywhere support every revolutionary movement against the existing social and political order of things.

"In all these movements they bring to the front, as the leading question in each case, the property question, no matter what its degree of development at the time.

"Finally, they labor everywhere for the union and agreement of the democratic parties of all countries.

"The Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions. Let the ruling classes tremble at a Communist revolution. The proletarians have nothing to lose but their chains. They have a world to win.

"Workingmen of all countries, unite!"

(Closing words of the Communist Manifesto, by Karl Marx and Friedrich Engels, 1848.)